

Detailed Methodology for FAFSA Unit Cost**Printing (\$3,245,428)**

Obtained printing spreadsheet for FAFSA applications prepared by the Students Channel as of 9/11/00 to determine Government Printing Office's printing expenses for academic year 2000-2001. Allocated printing cost by volume to Paper FAFSA and EDExpress. Although there may be additional printing expenses subsequent to 9/11/00, we believe the cost is minimal.

EDPUBS (\$6,520,833)

Obtained number of FAFSAs mailed by box for academic year 2000-2001 from a query by SFA from 7/1/99 – 9/18/00. Calculated EDPUBS cost by multiplying the number of FAFSA boxes by the average unit cost for same/multiple title boxes and number of boxes in an order. Allocated this cost by volume to Paper FAFSA and ED Express. Although there may be additional mailing expenses subsequent to 9/18/00, we believe the cost is minimal. There was no data readily available on the number of same or multiple title boxes mailed or the number of boxes mailed together; alternatively we calculated an average cost for same/multiple titles and number of boxes in an order.

UPS - Mailing (\$1,218,316)

Obtained number of FAFSAs packaged by box for academic year 2000-2001 from a query by SFA from 7/1/99 – 9/18/00. Calculated mailing cost by multiplying the number of FAFSA boxes by the average unit cost of the different zones for a 10-pound box (weight of FAFSA box). Allocated this cost by volume to Paper FAFSA and ED Express. Although there may be additional packaging expenses subsequent to 9/18/00, we believe the cost is minimal. There was no data readily available on the number of boxes per zone; alternatively we calculated an average cost for the seven different zones.

Public Inquiry Contract (PIC) (\$6,965,760)

Reviewed logged categories for toll free and toll lines of PIC contract to identify the percentage related to FAFSA. Obtained FY 2000 PIC volume through August 2000, used volume and unit prices from PIC contract to determine PIC cost related to Paper FAFSA. Used FY 2000 data because projections for the academic year 2000-2001 were not readily available.

MDE System Implementation (\$2,166,267) & Signature Pages System Implementation (\$219,003)

Obtained actual cost through an invoice from 1/1/00 – 7/28/00 and obtained projections from the contractor for the remainder of academic year 2000-2001. We determined the cost in Phase II (indicated by product code) of \$2,385,270 was related to system implementation, documentation and testing. Based on a management information system (MIS) report, we determined that 9.18% of all documents processed (7,904,175) relate to signature pages (725,720) and applied this percentage to the total system implementation cost to obtain the amount of system implementation cost related to signature pages. Allocated system implementation cost for signature pages by volume to FAFSA Express and FAFSA on the Web. All of MDE system implementation cost was assigned to Paper FAFSA.

Detailed Methodology for FAFSA Unit Cost**MDE Processing (\$17,408,048) & Signature Pages Processing (\$1,113,925)**

Obtained actual cost through an invoice from 1/1/00 – 7/28/00 and obtained projections from the contractor for the remainder of academic year 2000-2001. We determined that all costs in Phase III (indicated by product code) were processing cost, which included imaging and transmission, returned mail processing, correspondence, and security and maintenance. All MDE processing cost except cost related to signature pages was allocated to Paper FAFSA. Calculated signature pages cost by allocations for history corrections and documents retrieved. Allocated signature pages cost by volume to FAFSA Express and FAFSA on the Web.

CPS System Implementation (\$8,427,717)

Combined actual cost from 1/1/00 – 8/26/00 and added projected cost estimated by the contractor. We determined that all cost in Phase II (indicated by product code) were related to system implementation. Based on discussions with SFA personnel, it was indicated that web system implementation costs for FY 2000 were in the 1999 invoice, rather than the 2000 invoice. We identified direct system implementation cost to each method and allocated the remaining system implementation cost to the 4 methods by volume. Amortized development and software cost over 3 years.

CPS Processing (\$4,551,300)

Combined actual cost from 1/1/00 – 8/26/00 and added projected cost estimated by the contractor. We determined that all cost in Phase III (indicated by product code) were related to processing. We identified direct cost to each method and allocated the remaining processing cost to the 4 methods by volume. Amortized non-processing cost over 3 years.

CPS Call Center (\$11,413,207)

As of August 2000, \$11 million was incurred on the user services support (\$13.36 per call). We allocated the cost into the two call centers within CPS by volume provided by the contractor: FAFSA on the Web and FAFSA Express (FOTW/FE) with 986,753 calls and Schools with 81,327. Next, we allocated the FOTW/FE call center by the contractor's estimate that 99% of the call center was related to FAFSA on the Web. Finally we allocated the schools call center by the contractor's estimate that 90% was related to ED Express. The remaining 10% of the schools call center was allocated to Paper FAFSA, FAFSA on the Web, and FAFSA Express by volume.

MDE (\$68,873) and CPS Postage (\$10,208,313)

Obtained postage amounts from the ABC Model. Postage costs for SFA was obtained from meters and permits distributed by ED to SFA contractors. Based on the usage of these meters and permits, postage amounts were allocated to SFA contracts, including MDE and CPS. Applied all of postage for MDE to Paper FAFSA. Allocated postage for CPS to the four methods by volume.

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Title IV WAN (\$3,427,500)

Obtained reports in kilocharacters on transmissions of input of ED Express and FAFSA Express and the output of CPS on the WAN for all 4 methods. Based on these kilocharacters, it was determined that transmissions for CPS represented 30% (input FAFSA Express 1%, input EDEExpress 3%, and output CPS 26%) of the Title IV WAN costs. Using the Title IV WAN total expense report we calculated the input transmissions for ED Express using the 1% and FAFSA Express using the 3%. To calculate the CPS output transmissions of \$2.9 million (26%) we applied two approaches. The first time applicants (10 million of 17 million) were allocated by volume for the 4 methods. The corrections/rejections were allocated by MIS rejection rates of 51% for paper, 3% for web, and 46% for FAFSA and ED Express (46% was allocated by volume to FAFSA and ED Express).

VDC (\$10,319,000)

We could not obtain contract amounts on the VDC contract from the Contracting Officer Technical Representative. Therefore, we used the Students Channels budgeted VDC cost for FY 2000 as of November 1999 of \$14.3 million less the Student Aid Report printing charges of \$4 million. Determined the server charges for web to be \$2.1 million (\$25,000 per server for 7 servers for 12 months) and charged this amount to FAFSA on the web. Allocated the remaining \$8.2 million by volume to the 4 methods.

Printing of Student Aid Reports (SARs) (\$12,000,000)

The printing of SARs which is performed by the VDC was originally \$4 million plus an \$8 million overrun. The cost of printing the SARs was allocated in two ways. The cost for first time applicants (10 million of 17 million) was allocated by volume for the 4 methods. The cost of the corrections/rejections was allocated by MIS rejection rates of 51% for paper, 3% for web, and 46% for FAFSA and ED Express (46% was allocated by volume to FAFSA and ED Express).

Overhead (\$10,899,408)

Obtained the overhead cost calculated by the ABC Model for the Students Channel as a whole and calculated FAFSA application overhead as follows:

Students Channel Overhead (annualized)	\$75,000,000
Application actual cost as a percentage of total direct cost	19%
Application Overhead	\$14,500,000
Percentage of FAFSA Application	75%
FAFSA Application Overhead	\$10,900,000

Allocated Overhead based on volume.